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Agreement Between the
UNITED STATES OF AMERICA
and SRI LANKA

Signed at Colombo August 31, 1978

NOTE BY THE DEPARTMENT OF STATE

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SRI LANKA

Development Services and Training

Agreement signed at Colombo August 31, 1978;
Entered into force August 31, 1978.

A.I.D. Project Number 383-0044

PROJECT

GRANT AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA

and the

UNITED STATES OF AMERICA

for

DEVELOPMENT SERVICES AND TRAINING

Dated: August 31, 1978

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[1] Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference.

A.I.D. Project Number: 383-0044

PROJECT GRANT AGREEMENT

Dated August 31, 1978

Between

The Government of the Republic of Sri Lanka ("Grantee")

And

The United States of America, acting through the Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the Parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1 Definition of Project. The Project which is further described in Annex 1, will finance studies related to priority Grantee rural development projects, short term training, short term consultants, and the development of an Information Center at the Agrarian Research and Training Institute. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2 Incremental Nature of Project

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D. based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, [1] agrees to grant the Grantee under the terms of this Agreement not to exceed one million United States ("U.S.") Dollars ($1,000,000) ("Grant").

The grant may be used only to finance foreign exchange costs, as defined in Section 6.1, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project. The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which the disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 4.2 Individual Disbursements

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement associated respectively with each study, consultant, or training program or for the ARTI Information Center to be financed under the Project, the Cooperating Country will furnish in form and substance satisfactory to A.I.D., as follows:

1. Evidence that the Cooperating Country will provide local costs and support for each study financed under the Grant, an explanation of the relationship of each such study to the development program of the Cooperating Country, and identification of the Ministry and individual within that Ministry responsible for the study;

2. A statement of the preliminary terms of reference for work by each consultant financed under the Grant, together with a description of local support to be provided to the consultant by the Cooperating Country, and an explanation of the relationship of the consultant's work to the development program of the Cooperating Country;

3. A statement of the relationship of each training proposal to be financed under the Grant to the development program of the Cooperating Country; and

4. The name of the person designated as Project Manager (Director) of the ARTI Information Center Project along with that person's authority for day to day implementation of the project.

SECTION 4.3 Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 and 4.2 have been met, it will promptly notify the Grantee.

SECTION 4.4 Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 30 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

Article 5: Special Covenants

SECTION 5.1 Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters,
(A) requests for reimbursement for such goods or services, or,
(B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.3. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Sri Lanka by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Sri Lanka at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Sri Lanka.

Article 8. Miscellaneous

SECTION 8.1 Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address: Director, External Resources Department
Ministry of Finance & Planning
Colombo 1, Sri Lanka

Alternate address for cables: MORAID
Colombo, Sri Lanka

To A.I.D.:

Mail Address: Director, USAID Colombo
c/o American Embassy
Colombo, Sri Lanka

Alternate address for cables: USAID AMEMBASSY
Colombo, Sri Lanka

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.2 Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Director of External Resources Department, Ministry of Finance & Planning and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Sri Lanka, each of whom, by written notice may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3 Standard Provisions Annex. A Project Grant Standard Provisions Annex (Annex 2)[1] is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE REPUBLIC OF SRI LANKA	UNITED STATES OF AMERICA
By: W.M. Tilakaratna	By: W. Howard Wriggins
Name: W.M. Tilakaratna Secretary, Ministry of Finance and Planning	Name: W. Howard Wriggins American Ambassador

[1] See footnote 1, p 8.

Annex 1

A. Project Description

The purpose of this project is to provide a sound basis for long-term rural development and to strengthen institutional capabilities to carry out a development program. Under the project, funds are made available to carry out studies in development topics mutually agreed to between the Government of Sri Lanka and A.I.D., to provide short-term training in areas related to rural development, to provide consultants for short periods of time, and to contribute to the expansion of an Information Center at the Agrarian Research and Training Institute. The bulk of funds being made available are for studies. These studies may provide information important to determining policy with regard to aspects of development programs or may provide the basis for specific projects to be subsequently undertaken by the Government of Sri Lanka. The first study financed under the grant will be a Mahaweli Basin Environmental Assessment. The External Resources Department of the Ministry of Finance and Planning will coordinate other Ministry requests for the use of funds provided under this grant.

B. Project Financial Plan
(Source and Application of Funding - $ Thousands)

As of August , 1978 Project No. 383-0044

Project Inputs	Cumulative Inputs As of August ,1978		Future Years Anticipated		Total
	A.I.D.	GSL 1/	A.I.D.	GSL	
Studies	750		1014		1764
Training	92		185		277
Consultants	24		48		72
ARTI Information Center	100		250		350
Miscellaneous	34		103		137
	1000		1600		2600

1/ To be determined. [Footnote in the original.]

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